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SUBJECT: CODEL JACKSON LEE VISITS CARACAS

SUMMARY

¶1. (SBU) Congresswoman Sheila Jackson Lee visited Caracas February 19-22. During her visit, she met with representatives of civil society, visited an Embassy supported orphanage, met with union leaders, U.S. businesses, U.S. oil company executives, representatives of the Foreign Ministry, National Assembly, PDVSA, and the press. The Congresswoman promoted engagement between Washington and the Bolivarian Republic of Venezuela. Venezuelan government officials barred Embassy officers from most of the meetings with BRV representatives. END SUMMARY.

CIVIL SOCIETY

¶2. (SBU) The Congresswoman attended a luncheon with representatives of human rights NGOs at the Ambassador's Residence. These representatives detailed their activities in Venezuela to monitor and prevent abuses against journalists and in trying to coordinate the education, prevention and treatment of HIV/AIDS. They also described the difficult political climate in Venezuela, where the government's hyper sensitivity often results in attacks on the whistle blowers rather than the problems they expose.

¶3. (SBU) After the luncheon, the Congresswoman traveled with the Ambassador to an orphanage supported by the Embassy community's "Helping Hands" group. Helping Hands promotes community involvement in charitable activities in the Caracas metropolitan area. The orphanage of 30 children is run by a nun and has been sponsored by the Embassy since October of ¶2003. The Congresswoman toured the facility, met with some of the workers, and spoke with the children about their aspirations.

¶4. (SBU) The BRV organized a meeting with representatives of Venezuela's Afro-Caribbean community to discuss issues particular to their community, including developmental projects sponsored by the BRV. The group was very positive about Chavez' efforts to include new segments of society in the political process and looked forward to future interaction with the Congresswoman and the Embassy.

¶5. (SBU) The president of Venezuelan Electoral NGO Sumate described for the Congresswoman the current political environment in Venezuela and the Venezuelan electoral process, including the 2004 recall referendum and the most

recent Presidential election in December 2006. He detailed the proposal for a new NGO law, which like legislation recently passed in Russia, would require NGOs to register with the government and would also require all foreign funding to go through a central, government controlled account. He also detailed the on-going judicial proceedings against Sumate and its leadership for accepting a grant from the National Endowment for Democracy (NED) to promote grass roots democratic efforts. The Congresswoman was concerned by the demonization of NED and noted that it was set up precisely to avoid these types of conflicts caused by being associated with U.S. foreign policy.

LABOR RELATIONS

¶6. (SBU) Representatives of some of Venezuela's largest public sector unions representing federal employees, including specifically educators, health care workers and the Ministry of Labor, gave the Congresswoman an overview of union activities in Venezuela. They described the difficulties they face, including declining membership and BRV inattention. They asserted that various ministries have refused to negotiate collective bargaining agreements for the past few years. In addition, Chavez-supported unions are eating into their base, and attempts to work with these unions or reconcile their differences have been unsuccessful. The Congresswoman stated she would work to engage the U.S. labor movement to help their Venezuelan colleagues and invited them to the United States for meetings and to learn more about the labor movement there.

VENECONOMICS 101

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¶7. (SBU) Congresswoman Jackson Lee received an overview of the current economic environment from two of Venezuela's most prominent economic commentators, Robert Bottome and Orlando Ochoa, during a February 20 lunch hosted by the DCM. Jackson Lee noted that while she was in Venezuela to learn, her sense was that Chavez had done a lot for the poor. She was also interested in how sustainable were Chavez, economic measures. Both economists were very clear that the oil-windfall had allowed Chavez to fund his economic and political initiatives (many of which had been tried in the past by other governments) but that the situation was not sustainable. Both noted that while a large section of the poor had benefited from BRV transfer payments, little in the way of job creation or foreign direct investment was taking place given the anti-private enterprise policies being adopted by the BRV.

CHAVEZ' ADVISOR

¶8. (SBU) The Venezuelan Embassy in Washington arranged for the Congresswoman to meet with Alex Main, one of Chavez' international advisors. Main, an American citizen who has worked for Chavez for the past five years, appeared uncomfortable with the Ambassador's presence at the meeting. The Ambassador excused himself, after which Main also requested that PolCouns and Econoff be excluded from the meeting, which lasted for an hour and a half.

U.S. INVESTMENT AND NATIONALIZATIONS

¶9. (SBU) Jackson Lee met with Julian Nebreda, general manager of the U.S. energy firm AES for Latin America, over a February 21 breakfast hosted by the DCM. The purpose was to

discuss the BRV,s nationalization of Electricidad de Caracas (EDC), of which AES owns an 82 percent share. Nebreda said that the negotiations were professional (a U.S. law firm represented the BRV) but that the nationalization had been unexpected, as EDC had always been a privately held utility. He suggested that he thought the price AES was offered was fair. Nebreda also offered that in the specific case of EDC, he did not think the BRV had purposely gone after the company because it was U.S. based.

¶10. (SBU) Bernardo Bur, an operations manager at the oil services firm Baker Hughes, met with the Congresswoman on the morning of February 20. Bur confirmed that Baker Hughes does business in Venezuela in all of its divisions, although drilling services dominate the portfolio here. The company has a permanent presence in Venezuela, with two plants in country that produce oil field equipment sold in Venezuela and throughout Latin America. Mr. Bur said Baker Hughes' business was overwhelmingly with PDVSA. He added that business was booming in Venezuela for Baker Hughes and that Venezuela remained the capital of the oil business in Latin America. While Bur realized that many IOC,s were now under some pressure from the BRV, and some were reconsidering their business strategy in Venezuela, Baker Hughes had no complaints, as contracts were growing and PDVSA was paying.

¶11. (SBU) The Congresswoman met with ExxonMobil Venezuela President Tim Cutt on February 21. Cutt reviewed the current state of negotiations between his company and the BRV for the migration of the Cerro Negro strategic association to a PDVSA controlled joint venture. He said ExxonMobil was concerned about compensation for lost value as well as governance issues in the new joint venture. Cutt also stated ExxonMobil was waiting for approval on its development plan for the La Ceiba field.

¶12. (SBU) In addition, Representative Jackson Lee had lunch with Chevron Latin America President Ali Moshiri. He stated Chevron was open to selling its portion of the Hamaca Strategic Association to the BRV if that was the most profitable route for the company. Though, he made clear that Chevron was committed to staying in Venezuela.

PRESS CONFERENCE

¶13. (SBU) Approximately 15 members of local and international press corps attended a press conference with the

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Congresswoman at the Embassy. After noting the importance of re-establishing the U.S.-Venezuelan relationship and saying that "Venezuela has many friends in this new Congress," the Congresswoman described the importance of transparency in the nationalization process, and hoped that the government would allow sufficient time for the negotiations. She also said she would urge Congress to "reconsider sanctions on the F-16s," referring to the decision to halt arms sales to Venezuela, as required by U.S. statute, following its failure to fully cooperate on counterterrorism matters.

BRV MEETINGS

¶14. (SBU) At the Ministry of Foreign Relations (MRE), the Congresswoman met with the Vice Foreign Minister (VFM) for North America Jorge Valero as well as the VFM for Africa Reinaldo Jose Bolivar. The Ambassador, Polcouns, and Econoff attended the meeting with Valero. Polcouns and Econoff also attended the meeting with Bolivar despite strong suggestions from MRE officials that they should not join. The Congresswoman opened by thanking VFM Valero for CITGO's generosity in helping Gulf Coast residents after Hurricane Katrina, and noting that she was visiting Venezuela looking

for "opportunity and friendship." She noted that the United States and Venezuela could try to work together on certain issues, including combating drug trafficking and improving trade ties. The importance of negotiating transparently with companies threatened with nationalization was a common theme during the Congresswoman's visit, and was mentioned here as well. She hoped that cultural exchanges between the two countries would increase and favorably commented on Venezuela's plans to purchase 4000 tons annually of coca leaf from Bolivia.

¶15. (SBU) VFM Valero responded that there were areas where the BRV was prepared to work with the U.S., so long as the U.S. respected Venezuela's sovereignty. He claimed that the problem with U.S.-Venezuelan relations was that the United States had supported "un-democratic" opposition groups against Chavez, including during the 2002 coup. VFM Valero said that he hoped for a dialogue with the United States based on the Brownfield-Maduro in December 2006. They also discussed the discounted heating oil that CITGO provides to neighborhoods in New York and Massachusetts. The Congresswoman recommended that the BRV expand this project and also seek to work with small and medium minority-owned businesses. The Congresswoman assured Valero that she would take his message back to Congress, and noted that she hoped her meeting would serve as an ice breaker and lead to future dialogue.

¶16. (SBU) During her meeting with the VFM for Africa, Reinaldo Jose Bolivar, the VFM began by noting the cultural relationships between Venezuela's Afro-Caribbean community and the African American community in the United States. According to him, due to many Venezuelans' African heritage, Chavez has increased Venezuela's activity in Africa. Bolivar noted that in 2005, when his office was created, Venezuela lacked diplomatic relationships with 20 African countries, whereas today there are only four countries with which it needs to initiate relations. Venezuela has signed 30 cooperation accords with African nations, and is now an observer at the African Union. Bolivar believes that institutions like the Bank of the South, the University of the South, the news channel TeleSur, and the discounted oil program PetroSur will help Africa as well. The Congresswoman responded that the United States desires to work together with Venezuela on African issues and that the 43 members of the Congressional Black Caucus were very involved with Africa. She applauded the BRV's efforts to combat poverty, disease and lack of education in Africa and hoped that Venezuela would work with the United States to try and stop the "horror occurring in Darfur."

¶17. (SBU) During her meeting with the First Vice President of the National Assembly (AN) Desiree Santos Amaral, the Congresswoman discussed the possibility of restarting a dialogue between the U.S. Congress and Venezuelan National Assembly. The meeting included deputies Calixto Ortega, Francisco Torrealba, and Aurora Morales. Ortega and Santos were involved in the "Boston Group," which was a bipartisan group of deputies that first met in Boston to dialogue and resolve differences. Torrealba is the new president of the U.S.-Venezuela parliamentary "friendship group." The Congresswoman extended an invitation to AN President Cilia

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Flores to visit the United States. The assembled deputies repeated their desire to work with the U.S. Congress through the friendship group or an inter-parliamentary exchange. All were pointed in their deference to Chavez, noting that in Venezuela only the executive conducts foreign policy. They also discussed the prevalence of women in high positions in the BRV, including the new President of the Supreme Court, two of five leaders in the AN, and three of the five members of National Electoral Council (CNE).

¶18. (SBU) The VP ended the discussion noting that she had worked as a journalist for 33 years (for the populist tabloid

"Ultimas Noticias") and that the Venezuelan people were completely with Chavez, despite "lies" by the opposition. All deputies gave the Congresswoman blank stares when asked about the infamous Tascon list (a list compiled by one of their colleagues of the names of millions of Venezuelans who signed a recall petition against Chavez that is used to blacklist Venezuelans from government jobs and contracts, from obtaining passports and from many other public and private services).

¶19. (SBU) The Congresswoman met with PDVSA VP Luis Vierma and discussed energy issues. PDVSA officials did not allow econoffs to attend the meeting. According to the Congresswoman, they made a presentation about PDVSA's activities and discussed the importance of transparency in the nationalization process.

FREEDOM OF THE PRESS

¶20. (SBU) To cap off her visit to Venezuela, Jackson Lee dined with representatives of Venezuela's private media, including television station managers, newspaper editors and lawyers. (Notable in this group was Marcel Granier, president of the embattled RCTV television station, which the BRV has promised to close because of its anti-government stance.) This group detailed the tightening noose around the private sector media and the political attacks against their members by Chavez and the BRV, including the planned closure of Venezuela's largest and oldest television station, RCTV. The Congresswoman promised to follow up and the Embassy will forward information on these politically-motivated attacks to her office.

¶21. (SBU) Representative Jackson Lee did not have an opportunity to clear this cable before departing.

BROWNFIELD